



Experiential Value, Customer Satisfaction and Customer Loyalty: An Empirical Study of Kfc in Chennai

KEYWORDS

Customer satisfaction, Customer loyalty, Experiential value, KFC

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ABSTRACT

The sustainability of a company depends on loyalty of its customer. The customer satisfaction and creating great experiential value for them is the company's goal to create customer loyalty. The flourishing demand of food industry attracted researcher to measure key drivers for experiential value, customer satisfaction, and customer loyalty. The focus of the study is measure these attributes with KFC.

The main purpose of the paper is to identify the key drivers in creating experiential value for the customer .A structured questionnaire was prepared using five scale from strongly agree to strongly disagree. Total 246 respondent were selected through random sampling method .Chi square test has been applied for testing the hypothesis by using SPSS software. From the paper the researcher wants to find out the relationship between experiential value, customer satisfaction and customer loyalty through different dimension of restaurant industry.

INTRODUCTION

It is the responsibility of every business to make customer happy and treat them well equivalent to their paid amount. A trading organization either a restaurant or another organization always think about its service because service is the ladder of success. Customer satisfaction, the quality of service and customer involvement or feeling after perceived the service is important for any food chain industry.

Previous research has shown that customer loyalty had reduces the marketing cost, it increases the revenue of industry by building a brand image .now in modern era company has changed their marketing strategy from feature, benefits to make them feel good with nice experience. Our study focuses on KFC restaurant in Chennai and wants to find out the relationship between experiential value, guest satisfaction and guest loyalty through different dimension of restaurant industry. The study shows that some influential factors such as food quality, price, interpersonal service quality, environment, and brand image make a fine dine experience and create satisfaction which affects the customer loyalty in KFC.

EXPERIENTIAL VALUE

According to pine n Gilmore 1999 business must orchestrate memorable events for their customers and that memory itself becomes the product. Customer experience can bring enormous economic value for firm. Customers define experiential value from different kinds of experiences obtained through encountering service providers. This Value is important to induce customer satisfaction (Cronin, Brady & Hut, 2000) In addition, creating and retaining satisfied customer is essential for the success of business

Business usually create special stages for customers to experience through different stimulations, including environment atmosphere, and layouts .As a result of experiencing ,customers have different perceptions and different judgment levels. Experiential value focuses on the value that customers retain from these experiences.

Experiential value theory advocates that consumers form their experiential value via the "interactions involving either direct usage or distanced appreciation of goods and service"(Mathwick, Malhotra, & Rigdon, 2001, p. 41). In other words, to fully understand the various functions of experiential value in service settings, it is necessary to find

the relationship between experiential value and other variables, such as antecedents, satisfaction, and loyalty.

CUSTOMER SATISFACTION

It is a frequent term used in marketing, it can be measured how the service or product meet the expectation of customer. There are a number of ways to improve guest satisfaction in the restaurant industry. The key is making sure all guests have a pleasant experience. Crating and retaining satisfied customer is essential for the success of business. Fonvielle(1997) argued that high customer satisfaction is a competitive advantage for business because it contributes to repetitive purchasing .Researchers have pointed that the higher customer satisfaction the higher will be customer loyalty ,intention of repetitive purchasing ,positive word of mouth and market share (Fornell1992)

CUSTOMER LOYALTY

A loyal customer is a customer who repurchases from the same service provider whenever possible, who continues to recommend and who maintains a positive attitude towards the service provider. Customer remains to be loyal to the service or product as far as he is getting good service from them. According to Butcher et al., (2001) excluding repeat purchase, four dimensions of loyalty can be distinguished in the service literature: 1- positive word-of-mouth, 2- resistance to switch, 3- identifying with the service and 4- preference for a particular service provider(We can build customer loyalty by treating people how they want to be treated. Customer loyalty is both an attitudinal and behavioral tendency to favor one brand over all others, weather due to satisfaction with product or service, its convenience or performance or simply familiarity and comfort with the brand .Customer loyalty encourages consumers to shop of wallet, and feel positive about a shopping experience, helping attract consumer to familiar brands in the face of a competitive environment.

What factors make a customer become loyal and keep patronizing the same hotel? Research indicates that factors contributing to hotel loyalty include satisfaction (Kandampully et al., 2003), quality service (Cranage, 2004), brand image (Tep-eci, 1999), service performance (Skogland & Sigauw, 2004), customer recognition (Magnini & Honeycutt, 2005), pleasant experiences (McCaskey & Symes, 2004; Pullman & Gross, 2004), flexibility (Palmer, Beattie,& Beggs, 2000) price and

more factors.

The term customer loyalty is used to describe the behavior of repeat customers, as well as those that offer good ratings, reviews, or testimonials. Some customers do a particular company a great service by offering favorable word of mouth publicity regarding a product, telling friends and family, thus adding them to the number of loyal customers. However, customer loyalty includes much more. It is a process, a program, or a group of programs geared toward keeping a client happy so he or she will provide more business.

KFC (KENTUCKY FRIED CHICKEN)

KFC is a fast food restaurant chain head quarter in Louisville, Kentucky, United states, which specializes in fried chicken. It is the second largest chain restaurant overall as measured by sales after Mc Donald with over 17,000 outlets in 115 countries. In India KFC currently have 223 restaurants across 35 cities more stores will be added by this year end.KFC will be expanding to 500 restaurants in 75 cities by 2015 in India. Menu for KFC in India includes both veg and non-veg to cater all taste buds.

LITERATURE REVIEW

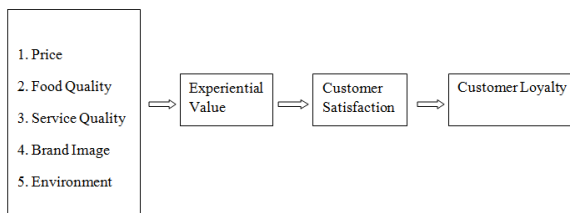
Despite indication that some influential factors of experiential value such as food quality, price, interpersonal service quality, environment, and brand image combine to affect customer satisfaction and loyalty, surprisingly little research in the service sector, specifically the restaurant industry, has examined the roles of these variables in shaping customer loyalty.

Additionally, no empirical research has yet verified the relationships between these five Antecedents (food quality, price, interpersonal service quality, environment, and brand image) And experiential value; nor has there been research on the possible influence of such relationships on customer satisfaction and customer loyalty. Furthermore, the role of Experiential value in increasing the level of satisfaction and in forming loyalty still remains

Unclear both empirically and theoretically. Thus, the elements that combine to define customer loyalty in the restaurant industry should be empirically tested in order to develop efficient marketing strategies to satisfy customer desire (Hyunjin, Mook lee,Huffman, 2011). The experiential value focuses on creating fresh connections between brands and consumers out in the world where things happen. Connection in the form of experience that are personally relevant, memorable, interactive and emotional .connections that lead to increased sales and brand loyalty. The different dimensions of experiential value induce the customer loyalty. There is a positive relationship between experiential marketing, experiential value and customer loyalty, if Customer have a nice experience with the product or service, they are more likely to use the same product or service when they need it (Obonyo 2011). Shankar, Smith, and Rangaswamy (2003) conducted their research with tourism service industries as the experimental subjects to explore the relationship between customer satisfaction and customer loyalty through on-line transaction. Research results showed customer satisfaction causes positive relationship with customer loyalty.

Kim, Lee, and Yoo (2006) proposed that satisfied customers exhibit loyalty and provide positive word-of-mouth. Thus, customer satisfaction is the antecedent of customer loyalty and cause positive influence on loyalty (Zeithaml and Bitner, 1996; Hu, Kandampully, and Juwaheer, 2009). It is known from aforesaid scientific lectures customer satisfaction causes significantly positive relationship with customer loyalty.

The relationship between Experiential value, Customer satisfaction and customer loyalty



OBJECTIVE

1. To explore the perception of customer towards price, food and service quality, brand Image and the environment of KFC.
2. Identify the key drivers of experiential value while dine with KFC.
3. To explore the relationship between experiential value, customer satisfaction and customer loyalty.

HYPOTHESIS

- Ho: There is no association between the price and experiential value of the customer.
- Ho: There is no association between the food quality and experiential value of the customer
- Ho: There is no association between the service quality and experiential value of the customer.
- Ho: There is no association between the environment and experiential value of the customer.
- Ho: There is no association between the Brand Image and experiential value of the customer.
- Ho: There is no association between the experiential value and satisfaction of the customer.
- Ho: There is association between the satisfaction of the customer and loyalty of the customer.

RESEARCH METHODOLOGY

A Structured questionnaire was distributed to a randomly selected different age group of people who prefer KFC to dine. The study is conducted on 246 customers selected by random selecting method .When answering the survey questions, respondent was asked to consider their experiences with dining in KFC and share their preferences while choosing the restaurant for dines. A structured questionnaire was designed by using five point scales ranging from strongly agree to strongly disagree. Chi Square test is applied to analyze collected data by using SPSS software. Secondary sources like Journals, thesis, books, and newspaper were explored to assess past researchers conducted on customer satisfaction in the KFC Restaurant.

ANALYSIS AND INTERPRETATION:

Ho: There is no association between the price and experiential value.

TABLE-1 –PRICE

Factors	Strongly Agree	Agree	Neutral	Strongly disagree	Disagree	Significance χ^2 at df
Prices are reasonable	57	64	13	74	38	CV=146.95 TV=21.00 0.05 Level of significance
Prices justify the taste	72	81	01	26	66	
Prices justify quality	17	28	33	70	98	
KFC standard for price is fine	46	60	12	55	75	

(Source: Field Survey)

INTERPREATION:

The above table shows that the calculated value is higher than tabulated value so null hypothesis is rejected. We can conclude that there is association between the prices in creating experiential value for customer. The researchers find that 61% customers are agreed that the price are compara-

tively cheaper, only 18% customer are thinking prices are justifying the taste 43% customers agreed that the prices are justifying the quality.

Ho: There is no association between the food quality and experiential value.

TABLE-2- Food Quality

Factors	Strongly agree	Agree	Neutral	Strongly Disagree	Disagree	Significance χ^2 at 4 df
The Food at KFC is served hot	54	61	02	77	52	CV =17.54 TV=9.49 0.05 Level of significance
Food items are tasty and nice flavors	63	49	01	66	67	

(Source: Field Survey)

INTERPRETATION:

The calculated value is higher than the tabulated value so null hypothesis is rejected. The food quality play important role in creating experiential value for the customer. 52% customer agreed that the food served hot and 54% think that the items are tasty and nice flavors.

Ho: There is no association between service quality and experiential value.

Table 3: Service quality

Factors	Strongly Agree	Agree	Neutral	Strongly disagree	Disagree	Significance χ^2 at 4 df
The Staff is quick in taking and delivering the order	83	71	21	33	38	CV =129.40 TV=9.49 0.05 Level of significance
Employee are maintaining the quality of service	99	90	05	37	15	

(Source: Field Survey)

INTERPRETATION:

The calculated value is higher than tabulated value so null hypothesis is rejected that's means there is association between the service quality and the experiential value. The study reveals that 62% of the customer agreed that the staff is quick in delivering order, whereas 77% customer agreed that employee are maintain the quality of service.

Ho: There is no association between brand image and experiential value

TABLE-4-Brand Image

Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree	Significance χ^2 at 8 Df
KFC is my first choice compared to others	86	71	19	58	32	CV=205.07 TV=15.50 0.05 Level of Significance
The KFC name attracts us while making a decision for outing	49	63	11	76	47	
I will not go to others	24	25	32	56	109	

(Source: Field Survey)

INTERPRETATION:

Since the calculated value is higher than the tabulated value so null hypothesis is rejected. The Brand image play important role in creating experiential value.63% customer choose KFC as their first whereas 36% do not agree with the statement. 50% customer agreed do not agree that

name attract them, 67% customer say they will not go to other.

Ho: There is no association between environment and experiential value.

TABLE-5-Environment

Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree	Significance χ^2 at 8 Df
The environment is pleasant	36	30	15	95	70	CV=69.72 TV=15.50 0.05 Level of Significance
KFC sitting arrangement is nice	70	57	13	88	18	
KFC has clean and fresh environment	29	46	11	82	78	

(Source: Field Survey)

INTERPRETATION:

The tabulated value is higher than the calculated value so null hypothesis is rejected. The environment is associated with experiential value. The study reveals that 67% customer says that environment is pleasant, 51% customer says that the sitting arrangement is nice, 65% agreed that it is clean and has fresh environment.

Ho: There is no association between the perceived overall experience and satisfaction level of customer.

TABLE-6-Experiential Value and Satisfaction

Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree	Significance χ^2 at 12 Df
The Staff is well dressed ,clean and quick in servicing	23	119	03	57	44	CV=76.23 TV=21.00 0.05 Level of Significance
All the items are always available, price and quality is nice	21	107	07	72	39	
Overall Dining experience with KFC was nice	42	53	10	86	55	
There is no reason of dissatisfaction	43	59	16	91	37	

(Source: Field Survey)

INTERPRETATION:

The calculated value is higher than the tabulated value so null hypothesis is rejected; there is association between the overall perceived experiential value and customer satisfaction. To measure the level of satisfaction the above four factors are considered, the study shows 71% agreed that the staff is well dressed, clean and providing quick service.72% agreed that the food items are always available and price and quality is nice.56% customer agreed that the overall experience was nice and 61% customer Believe that there is no reason for complain.

Ho: There is association between satisfaction level of customer and their loyalty.

TABLE -7-The overall satisfaction and customer loyalty

Factors	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree	Significance χ^2 at 4 df
Based on your overall satisfaction would you like to visit again	77	61	02	54	52	CV= 5.07 TV=9.47 0.05 level of significance
Would you like to recommend it your friends	66	49	01	63	67	

(Source: Field Survey)

INTERPRETATION:

The calculated value is lower than the tabulated value so null hypothesis is accepted, it is clear that satisfaction of the customer make them loyal for attending the service. 52% customer say based on their satisfaction they will visit it again and 54% customer will recommend it to their friends.

CONCLUSION:

A number of studies have identifies the significance of customer loyalty in service industries. From the above research we concluded that between age group of 20 to 40 mostly prefer the KFC. The price, food and service quality, environment and brand image play very important role in creating a

fine dine experience for every age group of people. Brand image play a great role while selecting a restaurant and KFC is positioning its brand well through advertising. The overall perceived experiential value leads to the customer satisfaction. The experiential value and customer satisfaction together make a loyal customer. Customer wants to visit KFC as far as it is able to provide tasty and fresh and unique flavor food. The overall experience was nice so they are not finding any reason for the complaint.

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